



ITALY BEST PROSPECT INDUSTRY SECTOR PROFILE

Sector Name: **COMPUTER SERVICES**

The Italian Information Technology market in 2002 suffered considerably from the international economic recession, but the worsening situation had fewer effects on the computer services sector in Italy than in other European countries. The sector registered real growth of 3.4 percent in 2002 and is forecast to grow over the next three years, supported by investments from medium and large-sized Italian enterprises as they continue streamlining their operations.

Within this sector, outsourcing/facility management services and "selective" outsourcing services (such as applications management, desktop and network management) grew by 7.2 percent in 2002, with these services expected to be increasingly utilized as tools promoting efficient and cost-effective business operations. Systems integration, consulting services and training, and e-learning activities related to the most innovative technologies also registered a good performance and are expected to grow.

Internet-related services to support intranet/extranet and e-business solutions have also performed well and have high development potential in the medium term. Best opportunities exist for storage management, security management, ASP and ASP enablement services; integration of Web and e-commerce solutions with ERP, supply chain management and customer relationship management solutions. Other services that are developing rapidly are transaction and payment management, e-procurement, maintenance-repair-operating (MRO) solutions, home banking, and online financial services.

The market is heavily fragmented among 56,500 operating companies. The 15 largest companies hold approximately 80 percent of the business, while the remaining 20 percent is divided among a plethora of small companies, often very specialized by vertical market segments and serving the needs of SMEs. The U.S. dominates the market and most major American computer services companies have opened Italian subsidiaries. Good opportunities exist only for new-to-market U.S. companies offering highly specialized and unique integrated services, and willing to team up with well-established Italian firms.

DATA TABLE:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	8,495	9,280	11,514
Sales by Local Firms	5,375	5,845	7,255
Exports by Local Firms	300	325	375
Sales by Foreign-owned Firms	3,420	3,760	4,635
Sales by U.S. owned Firms	2,550	2,795	3,470
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.